



SHL CONSOLIDATED BHD.

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

FIRST QUARTER ENDED

30 JUNE 2018

SHL CONSOLIDATED BHD.

Company No.: 293565-W
(Incorporated in Malaysia)

Interim Financial Report – 30 June 2018

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SHL CONSOLIDATED BHD. (Company No.: 293565-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 30 June 2018

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD		
	30-06-18	30-06-17	30-06-18	30-06-17		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	51,063	50,766	51,063	50,766	297	0.6%
2. Cost of Sales	(26,235)	(28,708)	(26,235)	(28,708)	(2,473)	-8.6%
3. Gross Profit	24,828	22,058	24,828	22,058	2,770	12.6%
4. Other Operating Income	3,098	2,915	3,098	2,915	183	6.3%
5. Distribution Costs	(736)	(1,996)	(736)	(1,996)	(1,260)	-63.1%
6. Administration Expenses	(2,450)	(2,772)	(2,450)	(2,772)	(322)	-11.6%
7. Finance Costs	(7)	(15)	(7)	(15)	(8)	-53.3%
8. Profit from Associate	36	163	36	163	(127)	-77.9%
9. Profit before Taxation	24,769	20,353	24,769	20,353	4,416	21.7%
10. Taxation	(4,297)	(2,767)	(4,297)	(2,767)	1,530	55.3%
11. Profit for the Period	20,472	17,586	20,472	17,586	2,886	16.4%
12. Other Comprehensive Income	21	-	21	-	21	-
13. Total Comprehensive Income for the Period	20,493	17,586	20,493	17,586	2,907	16.5%
Profit Attributable to:						
14. Equity Holders of the Company	17,476	17,444	17,476	17,444	32	0.2%
15. Non-controlling Interests	2,996	142	2,996	142	2,854	2009.9%
	20,472	17,586	20,472	17,586	2,886	16.4%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	17,497	17,444	17,497	17,444	53	0.3%
17. Non-controlling Interests	2,996	142	2,996	142	2,854	2009.9%
	20,493	17,586	20,493	17,586	2,907	16.5%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	7.22	7.20	7.22	7.20	0.02	0.3%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	(UNAUDITED) As At 30-06-2018 RM'000	(AUDITED) As At 31-03-2018 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	204,916	205,465
2. Prepaid lease payments	-	675
3. Investment in associate	10,250	10,214
4. Investment properties	69,880	69,880
5. Land held for property development	2,745	2,745
6. Investments	24	24
7. Trust account	1,952	2,397
8. Deferred tax assets	5,091	4,924
9. Trade receivables	20	547
	294,878	296,871
10. Current assets		
10.1 Prepaid lease payments	-	10
10.2 Property development costs	224,803	227,841
10.3 Inventories	10,446	9,894
10.4 Trade and other receivables	66,396	35,414
10.5 Current tax assets	930	477
10.6 Cash, deposits and short-term investment	358,125	370,774
	660,700	644,410
11. TOTAL ASSETS	955,578	941,281
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
12. Share capital	247,726	247,726
13. Reserves	538,625	542,748
	786,351	790,474
14. Non-controlling Interests	71,696	61,572
15. Total equity	858,047	852,046
16. Non-current liabilities		
16.1 Deferred tax liabilities	21,153	21,235
16.2 Finance lease liabilities	144	220
16.3 Club establishment fund	10,987	10,988
	32,284	32,443
17. Current liabilities		
17.1 Trade and other payables	60,520	52,839
17.2 Current tax liabilities	4,379	3,570
17.3 Finance lease liabilities	348	383
	65,247	56,792
18. TOTAL LIABILITIES	97,531	89,235
19. TOTAL EQUITY AND LIABILITIES	955,578	941,281
20. Net assets per share (RM)	3.25	3.26

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report)

SHL CONSOLIDATED BHD. (Company No.: 293565-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 30 June 2018

(The figures have not been audited)

	Attributable to equity holders of the Company						Total	Non-controlling Interests	Total Equity
	Non-distributable			Distributable					
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit	Capital Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	A	B	A + B	
1. 3 months ended									
30 June 2018									
1.1 At 1 April 2018	247,726	-	95,806	(130,464)	6,663	570,743	790,474	61,572	852,046
1.2 Effect of MFRS 9 adoption	-	-	-	-	-	(2,250)	(2,250)	-	(2,250)
1.3 At 1 April 2018 (restated)	247,726	-	95,806	(130,464)	6,663	568,493	788,224	61,572	849,796
1.4 Total comprehensive income for the period	-	-	21	-	-	17,476	17,497	2,996	20,493
1.5 Realisation of revaluation surplus	-	-	(72)	-	-	72	-	-	-
1.6 Dividends paid	-	-	-	-	-	(19,370)	(19,370)	-	(19,370)
1.7 Purchase of indirect subsidiary	-	-	-	-	-	-	-	7,128	7,128
1.8 At 30 June 2018	247,726	-	95,755	(130,464)	6,663	566,671	786,351	71,696	858,047
2. 3 months ended									
30 June 2017									
2.1 At 1 April 2017	242,124	1,225	96,330	(130,464)	11,040	529,975	750,230	18,610	768,840
2.2 Total comprehensive income for the period	-	-	-	-	-	17,444	17,444	142	17,586
2.3 Realisation of revaluation surplus	-	-	(292)	-	-	393	101	-	101
2.4 Purchase of indirect subsidiary	-	-	-	-	-	-	-	25,344	25,344
2.5 At 30 June 2017	242,124	1,225	96,038	(130,464)	11,040	547,812	767,775	44,096	811,871

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 30 June 2018

	3 months ended 30-06-2018 RM'000	3 months ended 30-06-2017 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	24,769	20,353
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,433	1,461
1.2.2 Fair value gain on short-term investments	(172)	-
1.2.3 Interest expenses	7	14
1.2.4 Interest income	(2,837)	(2,831)
1.2.5 Loss / (profit) from associate	(36)	(163)
1.3 Operating profit before working capital changes	<u>23,164</u>	<u>18,834</u>
1.4 (Increase) / decrease in inventories and property development costs	2,486	5,871
1.5 (Increase) / decrease in receivables	(32,704)	57,370
1.6 Increase / (decrease) in payables	7,681	(14,557)
1.7 (Increase) / decrease in fair market value of short-term investments	-	4
1.8 Cash generated from operations	627	67,522
1.9 Tax paid	(4,170)	(2,333)
1.10 Net cash from / (used in) operating activities	<u>(3,543)</u>	<u>65,189</u>
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	445	(13)
2.2 Purchase of property, plant and equipment	(199)	(1,564)
2.3 Purchase of short-term investments	(1,278)	-
2.4 Proceeds from redemption of short-term investments	1,448	-
2.5 Interest received	2,837	2,831
2.6 Net cash from / (used in) investing activities	<u>3,253</u>	<u>1,254</u>
3 Cash flows from financing activities		
3.1 Proceeds of shares issued to indirect non-controlling interest	7,128	25,344
3.2 Repayment of club members' deposits	(1)	(5)
3.3 Payment of finance lease liabilities	(111)	(141)
3.4 Interest paid	(7)	(14)
3.5 Dividends paid to owners of the Company	(19,370)	-
3.6 Net cash from / (used in) financing activities	<u>(12,361)</u>	<u>25,184</u>
4 Net increase / (decrease) in cash and cash equivalents	(12,651)	91,627
5 Cash and cash equivalents at 1 April 2018 / 2017	<u>210,323</u>	<u>140,425</u>
6 Cash and cash equivalents at 30 June 2018 / 2017	<u>197,672</u>	<u>232,052</u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	<u>197,672</u>	<u>232,052</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting*, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of Companies Act 2016 (“CA 2016”) that became effective 31 January 2017 in Malaysia.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2018, which have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the CA 2016.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2018, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and Interpretations Committee (IC) interpretations.

	Effective for financial periods beginning on or after
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140 Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018

No early adoption is made by the Group on the following accounting pronouncements that are expected to have application to the Group’s operations. These accounting pronouncements have been issued by the MASB, but yet to be effective:-

	Effective for financial periods beginning on or after
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Financial Instruments	1 January 2019
Amendments to MFRS 119 Employee Benefits	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 10 Consolidated Financial Statements	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures	To be announced

The Group is in the process of assessing the impact of these accounting pronouncements.

Malaysian Financial Reporting Standards (MFRSs)

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the Malaysian Accounting Standards Board (“MASB”) had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), which are mandatory for financial periods beginning on or after 1 January 2012, with the exception of transitioning entities.

Transitioning Entities include:

(a) Entities that are within the scope of :

- MFRS 141 *Agriculture*; and
- IC Interpretation 15 *Agreements for Construction of Real Estate*

(b) The parent, significant investor and venture of entities as stated in (a) above.

Transitioning Entities will be allowed to defer adoption of the MFRS framework. The adoption of MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS framework. Accordingly, the Group is required to prepare financial statements using the MFRS framework in their first MFRS financial statements for the year ending 31 March 2019.

In presenting its first MFRS financial statements for the year ending 31 March 2019, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The consolidated financial years ended 31 March 2017 and 2018 are different under the MFRS framework.

These consolidated condensed interim financial statements are part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 March 2019 and hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. Comparative figures, where applicable, have been restated as result of transition to MFRS framework.

The effects on the adoption of MFRS framework are as follows:-

MFRS 9 Financial Instruments

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces FRS 139 *Financial Instruments: Recognition and Measurement*.

Classification – Financial Assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classification categories for financial assets:

- Measured at amortised costs
- Measured at fair value through other comprehensive income (“FVOCI”)
- Measured at fair value through profit or loss (“FVTPL”)

Based on its assessment, the Group believes that the new classification requirements will have no material impact on the Group’s financial assets.

Classification – Financial Liabilities

MFRS 9 largely retains the existing requirements in FRS 139 for the classification of financial liabilities. However, under FRS 139 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:-

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- The remaining amount of change in the fair value is presented in profit or loss

The Group believes that the new classification requirements will have no material impact on the Group’s financial liabilities.

Impairment – Financial Assets and Contract Assets

MFRS 9 replaces the ‘incurred loss’ model in FRS 139 with a forward-looking ‘expected credit loss’ (“ECL”) model. This will require considerable judgement about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI (except for investments in equity instruments), and to contract assets.

Under MFRS 9, loss allowances will be measured on either of the following bases:-

- 12-month ECL: this is ECL that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECL: this is ECL that result from all possible default events over the expected life of financial instruments.

Trade and other receivables, including contract assets

The Group has chosen to apply the simplified approach prescribed by MFRS 9, which requires a lifetime ECL to be recognised from initial recognition of the trade and other receivables, including contract assets.

As a result, the following comparatives in the interim financial report have been restated for the carrying amount of the Group’s statement of financial position from FRS 139 to MFRS 9 as at 1 April 2018:-

	FRS 139 Carrying amount as at 31 March 2018 <u>RM’000</u>	Remeasurement <u>RM’000</u>	MFRS 9 Carrying amount as at 1 April 2018 <u>RM’000</u>
Trade receivables			
Opening balance	28,155	-	28,155
Increase in loss allowance*	-	(2,250)	(2,250)
Total trade receivables	28,155	(2,250)	25,905
Retained profits			
Opening balance	570,743	-	570,743
Increase in loss allowance for trade receivables	-	(2,250)	(2,250)
Total retained profits	570,743	(2,250)	568,493

* The Group applied the simplified approach in providing for ECL.

Cash, deposits and short-term investments

The cash, deposits and short-term investments are held with bank and financial institution counterparties with good credit ratings. The estimated impairment on cash, deposits and short-term investments will be calculated on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that their cash, deposits and short-term investments have low credit risk based on the external credit ratings of the counterparties.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- 1) Identify the contracts with a customer;
- 2) Identify the performance obligation in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract; and
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The key effects as a result of adopting this standard on the property development activities of the Group are as follows:

- In respect of sales of properties that do not come under the purview of Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 23 *Application of MFRS 15 “Revenue from Contracts with Customers” on Sale of Residential Properties* issued by the Malaysian Institute of Accountants, the Group has to assess if the property has an alternative use to the Group and whether the sales and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method);
- It requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration of deferment of revenue recognition relating to these separate performance obligations depending on whether the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;
- It requires the recognition of the financing component relating to the sale of property units under the deferred payment scheme (10:90 scheme). This would result in the recognition of interest income using the effective interest method over the terms of the deferment;
- It requires that expenses attributable to securing contracts with customers such as commission expenses be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and
- It views liquidated ascertained damages (“LAD”) payable when the developer fails to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.
- It requires additional disclosures on significant judgements and accounting estimates made. This amongst others, determining the transaction prices of those contracts that include variable consideration, transaction price allocation to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

Based on the Group’s best estimates at the current reporting period, the Group does not expect the application of MFRS 15 to result in significant impact on the Group’s financial statements.

MFRS 117 Leases

Leasehold land that has an indefinite economic life and title that is unexpected to be passed to the Group by end of the lease period is classified as operating lease. The up-front payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are measured at cost less accumulated amortisation. The up-front payments are recognised as expenses in profit and loss to match the inflow of benefits accrued.

The Group had previously adopted the transitional provisions available on FRS 117 *Lease* to carry the unamortised revalued prepaid lease payments as surrogate cost upon its initial application of FRS 117 in year 2006.

Under MFRS 117 *Leases*, leases in which the entity assumes substantially all risks and rewards of ownership are classified as finance leases. An item of property, plant and equipment leased by way of finance lease is measured at an amount equal of its fair value and present value of the minimum lease payments at the inception of the lease.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; otherwise, the incremental borrowing rate of the Group is used.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment in accordance with MFRS 116 *Property, Plant and Equipment*.

The following tables represent the reconciliations from FRSs to MFRS 117 for statements of financial position as at 1 April 2018.

	FRS	Effect of	MFRS
		transition to MFRS #	
<u>At 1 April 2018</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Property, plant and equipment	205,465	685	206,150
Prepaid lease payments	685	(685)	-

Reclassification of long term leasehold land from prepaid lease payments to property, plant and equipment.

Companies Act 2016 (CA 2016)

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which the Companies Act 2016 comes into operation, except for Section 241 and Division 8 of Part III.

Pursuant to the circular issued by Malaysian Institute of Accountants on 2 February 2017, the Companies Commission of Malaysia had clarified that the CA 2016 should be complied with for the preparation of financial statements, the directors' report and the auditors' report thereon commencing from the financial year/period ended 31 January 2017.

Following the requirements of the CA 2016, the amount standing in the share premium and merger reserve account will be recognised as part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the CA 2016 or utilised for the purposes as set out in Section 618(3) of the CA 2016, within 24 months from the commencement of the CA 2016.

In March 2018, the Company transfers the credit standing in the share premium and merger reserve accounts of RM1,225,000 and RM4,377,000 respectively to the share capital account pursuant to the transitional provision set out in Section 618(2) of the CA 2016.

There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any member of the Company as a result of this transitional provision.

2. Audit report for the preceding annual financial statements

The audit report for the financial statements for the year ended 31 March 2018 was not qualified.

3. Seasonal or cyclical factors

The business operations of the Group are generally affected by the prevailing market condition of the Malaysian property development and construction sectors that have historically shown long term cyclical trend.

4. Exceptional items

There were no exceptional items during the current period under review.

5. Changes in estimates

There were no changes in the nature and amount of estimates reported in prior interim periods of the current financial year or in estimates reported in prior financial year that have a material effect in the current periods under review.

6. Debt and equity securities

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial year-to-date.

The CA 2016, which came into operation on 31 January 2017, abolished the concept of:

- Authorized share capital
- Par value of share capital
- Share premium and merger reserve accounts

The ordinary shares of RM1 each have no par value upon enactment of the CA 2016.

7. Dividends paid

During the financial year ending 31 March 2019, a interim dividend of 8 sen per share, amounting to a net dividend of approximately RM19.37 million in respect of the financial year ended 31 March 2018, was paid on 6 April 2018.

8. Valuations of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

9. Cash, deposits and short-term investments

The Group cash, deposits and short-term investments are as follows: -

	As at 30 June 2018 <u>RM'000</u>	As at 30 June 2017 <u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	2,815	5,217
- Others	16,114	29,599
	18,929	34,816
Short-term deposits	178,743	197,236
Cash and cash equivalents	197,672	232,052
Short-term investments	160,453	149,991
Total cash, deposits and short-term investments	358,125	382,043

Housing Development Accounts are held and maintained pursuant to Section 7A of the Housing Development Act, 1966. These accounts are restricted from use in other operations.

Short-term investments are placements made in management funds that invest in Islamic deposits and other Shariah-compliant investment instruments permitted by the Shariah Advisory Council of the Securities Commission Malaysia and/or Shariah Adviser. Short-term fund aims to provide a higher level of liquidity while providing better return from non-taxable income by predominantly investing its assets in Sukuk and short-term Islamic Money Market Instruments. The income is calculated daily and distributed at month end.

10. Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of current quarter to 15 August 2018, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

11. Segmental information

The segmental analysis for the current year to date ended 30 June 2018 is tabulated below:

	Investment and services RM'000	Property development RM'000	Construction RM'000	Trading RM'000	Manufacturing RM'000	Quarrying RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE								
External sales	2,619	48,264	82	-	79	19	-	51,063
Inter-segment sales	586	-	17,344	8,413	2,716	-	(29,059)	-
Total revenue	3,205	48,264	17,426	8,413	2,795	19	(29,059)	51,063
RESULTS								
Operating profit	147	21,800	65	7	(135)	19	-	21,903
Interest income	379	1,410	384	104	366	194	-	2,837
Finance costs	(5)	(2)	-	-	-	-	-	(7)
Profit from associate	-	36	-	-	-	-	-	36
Profit before tax	521	23,244	449	111	231	213	-	24,769
Taxation								(4,297)
Profit for the year								20,472

The segmental analysis for the preceding year to date ended 30 June 2017 is tabulated below:

	Investment and services RM'000	Property development RM'000	Construction RM'000	Trading RM'000	Manufacturing RM'000	Quarrying RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE								
External sales	2,657	47,698	-	-	80	331	-	50,766
Inter-segment sales	804	-	17,467	6,694	2,752	-	(27,717)	-
Total revenue	3,461	47,698	17,467	6,694	2,832	331	(27,717)	50,766
RESULTS								
Segment results	421	16,208	303	7	102	333	-	17,374
Interest income	358	1,491	397	97	316	172	-	2,831
Finance costs	(10)	(4)	-	-	(1)	-	-	(15)
Profit/(Loss) from associate	-	163	-	-	-	-	-	163
Profit before tax	769	17,858	700	104	417	505	-	20,353
Taxation								(2,767)
Profit for the year								17,586

Segmental reporting by geographical locations has not been presented as all the activities of the Group's operations are carried out in Malaysia only.

12. Changes in the composition of the Group

SHL Consolidated Bhd. ('SHL') has on 3 May 2017 entered into a Joint Venture Agreement ('the JV Agreement') with Marubeni Corporation ('Marubeni') to:

- Carry on the business of undertaking the development of a land held under Geran 331496, Lot 27762 Seksyen 5, Bandar Cheras, Daerah Ulu Langat, Selangor Darul Ehsan comprising a land area of approximately 9.557 acres ('the Land') into 568 units of condominium in Bandar Sungai Long; and
- Engage in all such activities as may be incidental thereto.

Pursuant to the JV Agreement:

- (a) Sin Heap Lee Development Sdn. Bhd. ('SHL Development'), a wholly-owned subsidiary of SHL and MC Chance Malaysia Sdn. Bhd. ('MCCM'), a wholly owned subsidiary of Marubeni has on 4 May 2017 incorporated a new company namely SHL-M Ventures Sdn. Bhd. ('SHL-M Ventures') as a joint venture company to carry out the joint venture activities of developing the Land. The principal activity of SHL-M Ventures is property development.
- (b) SHL Development has subscribed for One Hundred Million Five Hundred Thousand (100,500,000) ordinary shares and MCCM has subscribed for Forty Nine Million Five Hundred Thousand (49,500,000) ordinary shares at an issue price of Ringgit Malaysia One (RM1.00) for each ordinary share in SHL-M Ventures, representing 67% and 33% respectively of the issued and paid-up share capital of SHL-M Ventures as at 30 June 2018.

13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2018.

14. Capital commitments

No capital commitment was outstanding as at 30 June 2018.

15. Related party transactions

The significant related party transactions for the current financial year-to-date under review are as follows:

- (a) Income from rental of premises of approximately RM0.03 million.
- (b) Procurement of engineering consultancy services of approximately RM0.41 million.
- (c) Rental expense of premises of approximately RM0.26 million.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

1. Review of performance

Financial review for current quarter and financial period to date

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT	PRECEDING	Changes		CURRENT	PRECEDING	Changes	
	YEAR	YEAR			YEAR	YEAR		
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING				
30-06-18	30-06-17	30-06-18	30-06-17					
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	51,063	50,766	297	0.6%	51,063	50,766	297	0.6%
Gross Profit	24,828	22,058	2,770	12.6%	24,828	22,058	2,770	12.6%
Profit before Taxation	24,769	20,353	4,416	21.7%	24,769	20,353	4,416	21.7%
Profit for the Period	20,472	17,586	2,886	16.4%	20,472	17,586	2,886	16.4%
Profit Attributable to Equity Holders of the Company	17,476	17,444	32	0.2%	17,476	17,444	32	0.2%

1.1 Current Year-To-date vs Preceding Year-To-date

The Group revenue increased by 0.6% from RM50.76 million reported in the preceding year corresponding period to RM51.06 million for the period ended 30 June 2018, mainly due to the successful new launch of Sg Long Residence located at Bandar Sungai Long, Selangor Darul Ehsan in February 2018.

The Group recorded a profit before taxation for the period ended 30 June 2018 of RM24.77 million, increased by RM4.42 million or 21.7% as compared to preceding year's profit before taxation of RM20.35 million. The increase of the Group's profit is mainly due to higher profit margin generated by our property development segment.

The property development segment continues to be the key contributor registering a revenue of RM48.26 million for the three months period ended 30 June 2018, representing about 94.5% of the consolidated revenue. The property segment will remain focused on building landed properties and affordable value homes with readily available mortgage financing facilities from banks. Goodview Heights in Sungai Long South, Selangor Darul Ehsan and Sg Long Residence in Bandar Sungai Long, Selangor Darul Ehsan have contributed significantly to the financial performance of the Group.

Performance of the respective operating business segments for the current year-to-date as compared to the preceding year-to-date is analysed as follows:

- (i) Property Development – The increase in pre-tax profit was mainly due to higher profit margin generated by our property development segment.
- (ii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

Financial review for current quarter compared with immediate preceding quarter

	INDIVIDUAL QUARTER		Changes	
	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER		
	30-06-18	31-03-18	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	51,063	42,491	8,572	20.2%
Gross Profit	24,828	19,902	4,926	24.8%
Profit before Taxation	24,769	20,700	4,069	19.7%
Profit for the Period	20,472	17,585	2,887	16.4%
Profit Attributable to Equity Holders of the Company	17,476	17,551	(75)	-0.4%

The Group revenue increased by 20.2% from RM42.49 million reported in the immediate preceding quarter to RM51.06 million for the current quarter. The successful new launch of Sg Long Residence located at Bandar Sungai Long, Selangor Darul Ehsan in February 2018 was the main revenue and gross profit contributor in current quarter.

The Group's profit before taxation of RM24.77 million for the current quarter increased by RM4.07 million compared to RM20.70 million achieved in the immediate preceding quarter. The higher profit registered for the current quarter was mainly due to higher revenue and profit margin generated by our property development segment.

3. Prospects for the next financial year

The Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the main driver of growth, underpinned primarily by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. Private investment growth is expected to be sustained, underpinned by ongoing and new capital spending in both the manufacturing and services sectors, and strengthened by continued positive business sentiments. Public sector expenditure is projected to decline due to the contraction in public investment amid more moderate growth in public consumption.

The housing market in Malaysia has not been able to provide an adequate supply of affordable housing for the masses at affordable prices in relation to the demography of the nation. This undersupply of affordable homes at affordable prices is likely to worsen given the current trends in income and demographic factors. Going forward, a carefully-designed strategy of participation by the private sector for the housing market will ensure that the supply of houses is able to accommodate households of all income groups. Meeting the demand of affordable housing units will require the commitment of both the Government on policies and the private sector for efficiency planning towards the supply side of affordable homes.

Despite the current challenging and unpredictable Malaysian economic environment, SHL Consolidated Bhd will remain resilient and focused on building landed properties and affordable value homes at the new townships, namely Goodview Heights at Sungai Long South, Alam Budiman at Shah Alam and Sg Long Residence at Bandar Sungai Long, all property development projects located in Selangor Darul Ehsan, the primary social and economic centre of Malaysia.

The newly completed Mass Rapid Transit (MRT) lines along suburban areas are expected to increase the demand for the landed residential properties located in these areas. However, the continued effect of Bank Negara Malaysia's tightening lending rules and the current weak economic environment has resulted in a softening of demand for both residential and commercial properties.

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic that the Group's performance for the current financial year will be satisfactory.

4. Profit forecast or profit guarantee

Not applicable as no profit forecast or profit guarantee was published.

5. Notes to Condensed Consolidated Statement of Comprehensive Income

Profit before tax is arrived at after charging / (crediting) the following items:

	Current year quarter <u>RM'000</u>	Current year-to- date <u>RM'000</u>
Interest income	(2,837)	(2,837)
Interest expense	7	7
Depreciation and amortisation	1,433	1,433

6. Taxation

	Current quarter ended		Year-to-date ended	
	30 June		30 June	
	2018	2017	2018	2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	4,527	2,980	4,527	2,980
Deferred	(230)	(213)	(230)	(213)
	<u>4,297</u>	<u>2,767</u>	<u>4,297</u>	<u>2,767</u>
Effective tax rate	<u>17%</u>	<u>14%</u>	<u>17%</u>	<u>14%</u>

The effective tax rate of the Group for the current quarter and year-to-date were lower than the statutory rate as certain income was not taxable.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 15 August 2018.

8. Finance lease liabilities

The Group finance lease liabilities are as follows: -

<u>Secured</u>	As at	As at
	30 June 2018	30 June 2017
	<u>RM'000</u>	<u>RM'000</u>
Short Term	348	476
Long Term	144	492
	<u>492</u>	<u>968</u>

The above finance lease liabilities are denominated in Ringgit Malaysia.

9. Dividend

10.1 No dividend was declared for the current quarter ended 30 June 2018.

10.2 In respect of the previous financial year ended 31 March 2018:

- (i) The Board of Directors has proposed a final dividend of 8 sen per share (2017: 6 sen per share) in respect of the financial year ended 31 March 2018, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.
- (ii) The dividend, if approved, will be paid on 5 October 2018.
- (iii) A Depositor shall qualify for entitlement to the dividend only in respect of:
 - (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 18 September 2018 in respect of transfers; and
 - (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

10. Earnings per share (Basic and fully diluted)

The calculation of basic earnings per share of the Group is based on the net profit attributable to ordinary shareholders and the number of ordinary shares outstanding during the said financial period of 242,123,725.

Fully diluted earnings per share is the same as basic earnings per share as it is considered that there are no dilutive potential ordinary shares.

For and on behalf of the Board
SHL CONSOLIDATED BHD.

Dato' Sri Ir. Yap Chong Lee
Executive Director
21 August 2018